

# **RFP GUIDE**

## **THE REQUEST FOR PROPOSAL PROCESS**

When your organization decides to move forward with the adoption of a new card program or modification of an existing program the Request for Proposal ("RFP") process is a likely first step.

Instituting the right card program begins with preparing a comprehensive RFP that will enumerate the appropriate program features to ensure the best solution for your organization's payment needs. Whether building a program from the ground up or enhancing an existing program to comprehensively cover your organizations changing needs, you must start by outlining your organization's specific requirements. An important part of any RFP is the inclusion of important questions that will enhance the proposed solution. Asking the correct questions, and making the right requests, will result in the best possible solutions being submitted for your evaluation.

This document is designed as a guide for individuals charged with managing the RFP process. Though it covers many of the steps and elements necessary to ensure receiving the best possible proposal, it is not all-inclusive and may contain reference to certain program features that your organization may not require. You should select those portions relevant to your company and program.

### **Executive Overview**

You should begin your RFP process by summarizing your organization's current state and needs pertaining to relevant card programs, payments and procurement requirements:

- **Current state:** A summary of your current environment is helpful in generating a complete and appropriate proposal, and helping providers understand your change management needs.
- **Program type:** Specifically state the programs covered by the RFP (e.g. MultiCard, purchasing card, fleet card, travel and entertainment card or any combination of programs).

### **Program Objectives**

The communication of objectives for the card program is one of the most critical components of your RFP. You should dedicate significant effort to describing your specific objectives and expectations for the card program. Issuers will be able to offer customized solutions to goals ranging from process improvement, data access and reporting, to global spending coordination. If you do not have a clear set of objectives, you may not be ready to complete the RFP process. You should work within your organization to develop a better understanding of your goals for the program. And, up-front research of other firm's experience with payment programs may help you understand the possibilities. MasterCard maintains current cases studies to assist you in your gaining a better understanding of what other leading organizations have done with card programs.

### **RFP Administration**

In this section, provide contact details, such as who to contact for the RFP, phone number, e-mail, address, etc:

- Outline the procedure for submitting the RFP (e.g., where, when and how). Any special requirements should also be noted (e.g., questions should be directed to a specific person or are required by a particular point in time).

- Define the format the proposal should be delivered in (e.g., hard copy or electronic, number of copies).
- Any special conditions to the process need to be detailed (e.g., site visits, etc.).
- Contract terms should be explained (contract duration, option for additional years, conditions of termination).

**Once you have clearly stated your overall objective and have outlined all of the procedural issues, provide as much detail as possible for background. The respondents will tailor their proposals to the details you provide.**

### **Company Background**

Provide details on what you expect the program to cover:

- Define, for each program type, the historic, current and projected program size, i.e., how many cards, number of transactions, dollar volume, and average transaction size.
- Provide a detailed description of current card program policy and procedures.
- Define the desired implementation timeframe, including the need for a pilot program and additional timing considerations, such as phased or single point card conversion requirements.
- Define any specific transactions types not to be covered by the card program (capital expenditure, fuel, travel, entertainment and purchases over a certain amount) or any specific or unique transactions that will need to be addressed by the new card program (e.g., Lower interchange rates for high dollar amount purchases).
- Consider a MultiCard/ Integrated solution that can meet all of your payment needs (a combination of purchasing, travel and/ or fleet products) in a single card.

### **Issuer Background**

Understanding the strengths and weaknesses of your potential partners will be a critical element of your decision making process. Ask issuers to provide basic information on:

- Financial condition
- Key personnel, including the leadership of the commercial card organization and your direct contacts.
- Experience in the commercial card industry and in the specific cards represented within the proposal
- Focus area or sub-segment within the commercial card industry
- Position and differentiation within the commercial card industry versus other issuers
- Ongoing commitment to the commercial card industry (e.g., product innovation, system investment, trade association involvement)
- Organizational structure, including the position of the commercial card organization within its parent organization and the organizational structure of the commercial card organization.
- Summary of why the respondent should be chosen over other service providers
- Ask for referrals, see if other customers in the same industry are satisfied with their Issuer.

You should speak to at least 3 existing commercial card customers.

**Requirements - Getting the best response means sharing the appropriate information and asking the right questions. Ask for as much detail as possible from your potential vendors.**

### **Program Structure**

Respondents may use different platforms for the operation and processing of your card program. Understanding the fundamental capabilities of the each issuer's platform will support your process of choosing a vendor. Issuers should be asked to detail their capabilities to support the following:

- Program hierarchy - Define your current/ expected hierarchy needs.
- Billing account and card account types - Define your requirements relating to billing structure (e.g., where billing takes place in the organization) and your card accounts (e.g., department cards, VIP cards, white plastic)
- Cardholder and program administrator profiles
- Any additional platform requirement currently needed or planned in the future (e.g., ability to accept data from third party expense management firms).

### **Spending and Fraud Controls**

Overall, look for the respondents to outline what precautions and controls they support to minimize fraudulent card usage by internal and external parties and maintain the appropriate level of control on spending within the organization. The RFP respondents should detail their ability to support the following requirements:

- Set transaction controls/ limits for each cardholder. This segment may address controls for:
  - Maximum transaction size
  - Number of transactions in a period (e.g., day, week, month)
  - Transaction dollar volume in a period (e.g., day, week, month)
  - Monthly credit limits
  - Total balance (high credit limit)
  - MCC. Issuers could provide a list of merchant category codes and/or summarized merchant category groups where restrictions could be applied
  - Merchant ID
  - Additional controls required
- Set group limits for card pools or organizations within the program. The segment may address many of the variables that are listed in the individual limitations section.
- Screen transaction activity for fraud patterns. If issuers fraud screen transactions, they should explain the screening process. If not, issuers should state if this capability is planned for future implementation and, if so, when?
- Provide statistics on fraud associated with their card programs.
- Offer employee fraud insurance. If this is desired issuers should provide details on any stipulations or fees associated with the insurance?
- Provide details on any other circumstances where a restriction may be applied.

### **Electronic Card Program Management**

Most service providers provide significant resources to their client organizations through electronic or Web-based card program management systems. Summarize your company's requirements (e.g., of expected users, ability to access the Internet, and security concerns.) or make them implicit in

your RFP questions, to allow respondents to tailor their responses to your organization. Areas you may want to focus your questions around are:

- Systems and software - What type of technology are the issuers proposing and how will it work with other systems?
- Costs - What costs are associated with the use of the issuer's electronic card program management system?
- Application and technology support - The systems offered will likely require user service beyond what is provided by standard customer service. Issuers should provide a description of their support offering, including hours of operation, service level commitments and skills maintained by the service organization.
- Security - What are the issuer's security protocols, including mechanisms in place to prevent fraudulent use of the system by company employees and external parties?
- Capabilities given to administrators - Administrators will use these systems to manage many of the day-to-day tasks associated with managing the card program. The capability afforded to this user class will be critical to the efficient operation of your program. Issuers should describe their Program Administrator facing capabilities.
- Real time maintenance - Some internet reporting tools allow Program Administrators to request:
  - New commercial cards online.
  - Maintenance: close existing accounts, increase or decrease card limits.
- Capabilities given to cardholders - Cardholders may be expected to use an issuer supported application to access and process card transactions. Issuers should describe relevant capabilities offered to this group.
- Downtime/ continuity of service - Issuers should disclose their downtime statistics for the past 3-12 months and any continuity of service precautions they have taken or are planned to maintain maximum uptime.
- Services/ capabilities required - The issuer can be asked to illustrate the process of using their system, as well as any offline alternatives. Capabilities may include:
  - User account and profile administration
    - G/L references or map spending with G/L codes - Issuers should describe:
      - Setup and testing timeframe/ process
      - Mapping process (e.g., dropdown menus, freeform mapping fields, card based mapping)
      - Ability to unmap/ remap transactions if necessary and their quality control and issue resolution process
    - Interface with core systems - If your organization requires your card program systems to interface with core operational systems, issuers should detail the process of interfacing with your existing software (e.g., ERP, expense management applications, accounting systems) and explain how this would be achieved on an ongoing basis, including any available options to complete this interface. (Describing your current setup and needs will assist issuers in responding appropriately to this section)
    - Support multiple languages - If necessary, the issuer may support multiple languages.
    - Perform system upgrades - Issuers should communicate how often upgrades are released and describe the upgrade process (e.g., will an application upgrade require the user to load any software on their PC or server?)

o Reporting - Typically, reporting is one of the most critical features of any electronic card program management system. Issuers should detail what your organization gets in terms of reporting capabilities and illustrate the process of report generation.

Variables in reporting may include:

- Length of historical data available
- Report types
- Periods/ times when available
- Average time to generate/ compile reports
- Time between when a transaction is completed to when it is available in the reporting system
- Report delivery mechanisms available (e.g., FTP, email)
- Security precautions - Including passwords, encryption, and restricted access to information

• Additional data requirements - In addition to the electronic card program management system, your organization may require direct data transmissions. Issues you may need to address:

- Period - Issuers should state their ability to generate periodic (e.g., daily, annually) files needed at particular frequencies or points in the year.
- Format - Specific record type requirements (e.g., Statement Billing Files, EDI 810, custom file) should be defined for review by potential vendors.
- Data Type - Specific file requirements should be defined.
- Respondents should be asked to detail their capabilities to provide this data for relevant transactions.
- Process - Issuers should be asked to detail the process of uploading transactional data to your existing software (e.g., ERP, expense management applications, accounting systems) and explain how this would be achieved on an ongoing basis?
- Discrepancy/ transaction matching resolution - Issuers should describe their process of reconciling discrepancies within the systems which house card spending data (e.g., Expense management vs. Issuer provided files.).

## **Paper Reports**

If your organization requires paper reports to supplement those available through electronic means, this section should describe your needs and request a description of issuer solutions.

- Issuers should be able to provide information on their available paper reports and options available to your organization if what is available does not fully meet the requirements spelled out in the RFP.
- Ask for samples of all applicable reports and statements.
- Review available software and its functionality with the goal of understanding if your needs can be better served by an online reporting system.

## **Data Capture**

To the extent that your organization uses standard or enhanced transaction data, the ability of the service providers to acquire various types of data will be a major factor in your assessment of card issuers. Issuers should provide a summary of their capability to provide the following data types:

- Level I, II, III - Refers to the point of sale data capture capability. Level III is the highest level of capture, providing full line item transaction detail.
- Hotel folio data - Refers to the detail behind hotel charges. This data is not typically passed by standard means.
- Airline itinerary data - Provides the city pair or other ticket itinerary (e.g., Toronto to

Vancouver) information associated with airline travel. This data is not typically passed by standard means.

### **Corporate Card Services**

Corporate card services will address the servicing aspect of your card program. This segment should allow you to understand each respondent's service and support offering.

- Customer service - This group will be one of your primary contact areas within the service provider.
  - Hours of operation
  - Servicing standards
  - Channels of communication available (e.g., e-mail, Web portals)
  - Description of overall services, including dedicate and shared resources
  
- Corporate service - The high-level organizational program coordinators and corporate stakeholders will likely have a specific point of contact. Issuers should describe the roll and responsibility of the person or team.
  
- Technical Support - Issuers should describe the technical resources available to your organization, and any additional fees associated with the use of this group.
  
- Respondent should define any additional support provided with the card program.
  
- Training and support - You will want to have a clear picture of your level of coverage in five main areas. Issuers can be asked to discuss or describe their offerings in:
  - Training
  - Implementation
  - Post implementation review
  - Ongoing support and administration
  - Ongoing program improvement
  
- Key variables in training and support include:
  - Number of individuals assigned to the organization and length of assignment?
  - Dedicated vs. shared resources
  - Skill level of training/ support staff
  - Training provided for cardholders, card administrators and systems support staff?
  - Training materials including manuals, materials and tools
  - Ongoing support services provided

### **Fees and Charges**

This section of your RFP allows you to understand the relative cost of each potential vendor. Issuers should be asked to provide a summary of cost associated with the following:

- Annual cost of card
  
- Per transaction fee
  
- Costs of implementing a purchasing card program - pilot program details, if applicable
  
- Training offered. Details on costs, materials, tools, etc. should be provided
  
- Electronic delivery capability - statements, reports and costs associated with this capability
  
- Reporting - standard vs. customized, paper vs. electronic
  
- Consulting -cost associated with necessary business or technical consulting, including an estimation of services required

- Fraud protection - issuers should detail any cost associated with fraud screening and/ or insurance
- IT software and hardware costs - including annual maintenance, license, upgrade fees, installation and technical advice before and after warranty period Cost of a unique card design and production
- Cost of a unique card design and production
- Cost of "one off" products (e.g., convenience cheques, relocation cards)
- Currency conversion costs for transactions completed internationally
- Penalty costs for failure to achieve dollar thresholds on annual basis
- Costs associated with fewer cards issued with higher activity, rather than more cards issues with lower dollar volumes and vice versa
- Any other fees/charges (taxes and government charges) not previously mentioned that may apply to the card program

### **Billing/Payment/Liability**

It is critical to the development of a quality card program that you understand who is getting billed and where the liability for unpaid bills resides. If you do not already know how you want to configure the billing and payment aspects of your card program, you should solicit input from your potential service providers on what type of structure would service your organization most effectively.

- Billing/ Payment options: choose one of the following for each of your programs (every option is not available with all program types):
  - Individual billing/ individual payment
  - Individual billing/ payment and central reimbursement
  - Central (corporate) billing/ central (corporate) payment
  - Individual billing/ central payment
  - Special purpose central accounts (e.g., Control Accounts, Ghost Accounts, Diversion Accounts)
- General questions that may be asked:
  - What billing cycles are available?
  - How will your organization receive billing statements?
  - What are payment terms?
  - What are the billing terms? How are things like balances and late fees calculated?
  - What options are available for the company to make payment (e.g., EDI, ACH, cheque)?
  - Describe electronic bill payment and presentment capabilities.
  - Describe how delinquent balances on contingent corporate liability T&E cards are handled.
  - Does the issuer have the capability of billing multiple business units and receiving payment from those separate business units?
  - How does your program handle credit checks for employee's cards?
  - What are your electronic options for cardholder applications, checking cardholder balances, etc.
  - Describe the procedures for employee delinquency on a corporate card with employee or joint and several liability. Is there a possible impact to an employee's personal credit rating?
  - What are the liabilities of the company and employees in the event of fraud, abuse or loss of a card?

## **Merchant Acceptance**

To ensure appropriate coverage and minimized disruption of your operation, provide potential vendors with a list of current vendors. Respondents should provide merchant status on your current set of vendors. In addition, responders offer a plan to address vendors that are not currently supported by existing coverage.

If additional coverage information is required, issuers can be asked to respond to the following:

- Describe your current merchant base, related data capture capability and acceptance in the areas that are relevant to your company's card program.
- Outline programs/plans to increase your merchant acceptance in new or existing areas/markets.
- For fleet programs, issuers should be asked to provide details on their ability to support fleet prompts and enhanced data capture/ transfer at their merchant sites.

## **Business Incentives**

It has become an established practice in the commercial card industry to offer rebates on card transactions and/ or signing bonuses to large corporate customers. Respondents should be asked to specify any rebates or signing bonuses being offered in association with your card program. Ask issuers to provide:

- Total expected payments
- Calculations that are being used to arrive at the stated figure
- Any factors that may increase or decrease the expected payment

## **Advanced Purchasing Capabilities**

Depending on the use of the card program within your organization, you may require one of the following advanced capabilities:

- Internal purchasing capabilities - Does the issuer provide a solution to allow account holders to use their accounts to purchase from internal merchants
- Cross-border purchase solutions and global capabilities - Payment and settlement service for large ticket, cross border transactions. Offerings may support compliance and workflow functions with your card platform.
- "One-off" offerings
  - Convenience cheques - Provide the ability to use cheques that settle against a card account
  - Relocation/ declining balance cards - Issue cards with a company amount of value

## **Tax Tracking and Recovery**

If your organization needs a solution for tax tracking and recovery, your card program provider may be able to assist in providing a solution. The card industry has provided solutions for the following activities: (partially addressed in 'electronic program management - Services/ capabilities required - Reporting')

- Domestic tax tracking and recovery
- European VAT tracking and recovery
- Fleet (gas) tax tracking and recovery

## **Affinity Programs**

Affinity programs have become a general accepted feature in corporate card programs. There are various offerings and options available on the market today. Issuers typically support programs with or without these features, if your organization requires an affinity program, it should be explored in this section.

- Offerings - offerings range from airline miles to cash back on purchases
- Accrual - points can accrue to cardholder or the corporation

### **Custom Card Stock**

If your organization requires a customized card, issuers should be asked about the following:

- Approval timeframe should be stated for a customized card (fully customized) and hotstamp card (slight customization - logo)
- Lead time for creation of custom card stock
- Costs associated with customized cards

### **Implementation**

Ask issuers to provide a detailed picture of the proposed program implementation. Issuers should be asked to provide:

- Complete description of their implementation process
- Description of the various implementation tasks for each party participating
- Detailed implementation timeline that meets the requirements laid out in the RFP

### **Sample Contract**

To gain a deeper understanding of the issuer's terms, stipulations, policies and procedures, issuers should be asked to provide a representative contract(s) for the programs covered by your RFP.

### **References**

Ask for three references from three organizations that are of similar size to your organization. Close with an open-ended statement asking for any further information the responder would deem important to include regarding their proposed card service.

### **Conclusion**

The information you share and the questions you ask in the RFP process will provide you with an unparalleled opportunity to compare competing offers from issuing banks, as well as insure your final choice is competitive with this best the market has to offer and is designed to meet the specific needs of your organization. Getting a detailed response to your Request for Proposal will mean you'll be able to make the most informed decision on the right vendor to provide service for your organization. The time spent in the beginning of the process will pay off in the end.